



NEW MEXICO  
ENVIRONMENT DEPARTMENT

*Surface Water Quality Bureau*

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ERIKA SCHWENDER  
Director  
Resource Protection Division

November 12, 2013

Honorable Darren De Yapp  
Mayor, Village of Chama  
P.O. Box 794  
Chama, NM 87520

**Re: Village of Chama Wastewater Treatment Plant NPDES Permit Number NM0027731**

Dear Mayor De Yapp:

On September 30, 2013 The Village of Chama, Molzen Corbin Engineers, and the Construction Programs Bureau (CPB) and Surface Water Quality Bureau (SWQB) of the New Mexico Environment Department (NMED) met to discuss the Village of Chama's Wastewater Treatment Plant (WWTP). During this meeting we discussed the current status of the design for a new WWTP and our concerns about the present approach. This letter is a follow-up to this discussion to clarify the options and associated requirements for the Village of Chama.

As we see it there are three challenges facing the Village of Chama with the design of a new WWTP:

- (1) Addressing the deficiencies identified in EPA's Administrative Order
- (2) Meeting nutrient limits and the associated compliance schedule for the current NPDES permit that will become effective October 30, 2016
- (3) Financing the capital cost for the new facility being designed and paying for the on-going O&M costs of that facility

We would like to explore two approaches for the Village's path forward. Our discussion will include advantages and disadvantages of each approach as well as the assurances NMED will need and the assistance we can provide under each option.

The first option is to continue with the current MBR design. We recognize that this is an attractive option for the Village as it will address not only the issues raised in the current EPA enforcement action but will also meet the nutrient permit limits that will become effective in three-year's time. As such this option affords a high level of assurance to the Village that there will not be further enforcement issues from EPA. The downside of this option is that the capital costs are currently estimated at \$10 million and the on-going O&M costs will necessitate increasing sewer rates to a minimum of \$85 dollars/month based on

the estimate by your consultants. As we discussed at the meeting, NMED has serious concerns about the Village's ability to afford these costs over the design life of the facility with currently only 389 rate payers. Furthermore, NMED is concerned about the potential of spending \$900,000 dollars in grant money for planning and design that the Village has received from NMED's Construction Programs Bureau resulting in a design that may never be built because the costs are not economically affordable for your community. This result would not only be wasteful of the limited resources that the State has to fund design of such projects, it also will at the end of the design phase put the Village no closer to addressing the current deficiencies in your WWTP identified by EPA under their enforcement action – ultimately placing the Village in a worse position with EPA enforcement. If the Village chooses this path NMED will require minimum rate increases to cover operation and maintenance costs as an assurance that the Village is willing to accept the responsibility to operate this design for the next 25 years. If the Village is willing to commit to this rate increase prior to completion of the design phase then NMED will offer its assistance in finding the funds to build this facility. This commitment would have to take the form of an approved, irrevocable rate increase ordinance by the Village Council sometime in the near future. Funds for the remaining design would only be released upon successful completion of this step. The Village would also have to commit in writing to hire a competent Level III Wastewater Operator prior to the commencement of construction of the facility.

The second option we discussed at the meeting is to step back from an MBR design and select a design that is more affordable, addresses the current enforcement issues, and leads to a reduction in nutrient loading although admittedly not enough to meet the permit limits. This option should include the ability for upgrades to increase nutrient treatment in the future if necessary and when affordable. From our perspective, this approach would lead to a less costly alternative that is economically affordable for the Village in the long run and will address the current enforcement issues related to effluent quality. The major disadvantage of this approach is that it will not ensure compliance with nutrient limits in the current permit which become effective in October of 2016. As we discussed in our meeting, however, NMED is aware of the issues with nutrient limits based on State adopted TMDLs and is working on several fronts to address this issue. A brief summary of these activities is as follows:

- (1) NMED is evaluating the approach used for nutrient TMDL – this includes how we determine the critical low flow. Based on the outcome of this evaluation it may be appropriate to revisit the Chama TMDL to determine if changes are necessary.
- (2) NMED is drafting language to be adopted in our water quality management plan for nutrient TMDL implementation that would recognize economic factors / affordability and set permit effluent limits in accordingly.
- (3) NMED has drafted provisions to allow for the adoption of temporary standards. One of the factors that would allow for their adoption is substantial and widespread economic and social impact. The provisions are to be proposed as part of the upcoming Triennial Review of Water Quality Standards.

Should the Village choose this option, NMED would be willing to work with you on any and all of these approaches to address future compliance with nutrient limits in your NPDES permit.

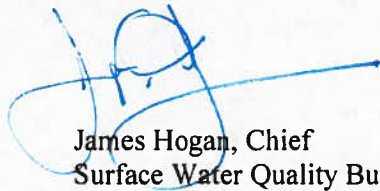
Please let us know at your earliest convenience what avenue you would like to pursue in the future. Please don't hesitate to contact or meet with us in person to further discuss any of the options outlined above or explore alternatives.

Honorable Darren De Yapp

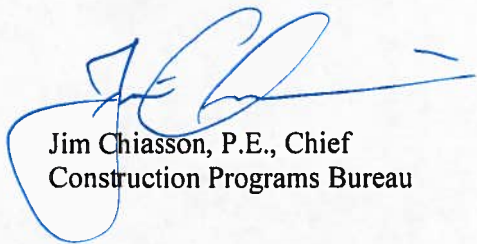
November 12, 2013

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Sincerely,

A handwritten signature in blue ink, appearing to be 'J. Hogan', with a long horizontal stroke extending to the right.

James Hogan, Chief  
Surface Water Quality Bureau

A handwritten signature in blue ink, appearing to be 'J. Chiasson', with a large loop on the left and a horizontal stroke extending to the right.

Jim Chiasson, P.E., Chief  
Construction Programs Bureau

cc: Clayton Ten Eyck, P.E., Molzen Corbin  
Barbara Cooney, SWQB, via email  
Tom Brandt, P.E. CPB, via email  
Brent Larsen USEPA via e-mail  
Anthony Loston USEPA, via e-mail